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Exploring the costs of Head, Heart, Hands and informing debates about sustainability of the programme and the potential costs avoided as a result of Head, Heart, Hands

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Introduction

This paper has been produced by members of the Head, Heart, Hands evaluation team¹ from the Centre for Child and Family Research (CCFR) at Loughborough University at the request of the funders of the Head, Heart, Hands programme. As with the development of any new programme, innovation or evidence based practice within children's social care, questions have been raised about the costs associated with setting up and running Head, Heart, Hands, the outcomes that have been achieved and the future sustainability. To ensure sustainability the initial financial outlay or investment associated with early stages of introducing any programme or innovation, should be mitigated by longer term 'costs savings' and/or 'costs avoided'. The distinction between these terms is provided in Box 1.

At a mid-point in the programme it is too early to ascertain comprehensively whether there are potential future cost savings, or costs avoided associated with Head, Heart, Hands. However, this paper uses emerging evidence from the programme to inform discussions about the future and sustainability of Head, Heart, Hands beyond the demonstration programme which finishes in 2016. This paper briefly introduces and outlines work that has already been carried out by researchers at CCFR to explore the relationship between needs, costs and outcomes of a range of children's social care services. A section is included outlining illustrative case studies, followed by an overview of the costing elements of the Head, Heart, Hands evaluation for the next eighteen months. The evaluation aims to produce evidence about the costs associated with setting up and running Head, Heart, Hands, the outcomes achieved for the children and young people placed within the programme and the potential costs avoided associated with any positive outcomes.

Box 1: terminology used in this paper¹

A '*cost saving*' is a reduction of current or actual expenditure.

A '*cost avoided*' is a change in the projected or predicted expenditure.

For example, a reduction in expenditure to a Youth Offending Service will be achieved because a child ceases to offend, this is a '*cost saving*' and no longer requires intervention from the service. If a child who is identified as at risk of offending due to their challenging behaviour, does not offend (and therefore does not incur a cost to Youth Offending Services), a cost has been '*avoided*'.

¹Based on McDermid and Holmes, 2013.

¹ Head, Heart, Hands is being independently evaluated by the Centre for Child and Family Research, Loughborough University, in partnership with Catch 22's National Care Advisory Service (NCAS) and the Colebrooke Centre for Evidence and Implementation.

Since 2000 CCFR has been carrying out a series of research studies and evaluations to explore the relationship between needs, costs and outcomes of support and services provided to vulnerable children and their families. A full list of references from the research programme is available at <http://www.lboro.ac.uk/research/ccfr/research/exploring/>.

The research programme utilises a ‘bottom-up’ unit costing approach (Beecham, 2000; Ward, Holmes and Soper, 2008). All costs are built up from an individual child or family level, based on all the support and services that an individual or family receives. The approach identifies the personnel associated with each support activity (for example, the child’s social worker and foster carers’ supervising social worker) and estimates the time they spend on it. The amounts of time spent are costed using appropriate hourly rates. The method links amounts of time spent to data concerning salaries, administrative and management overheads and other expenditure. The costs of management and capital overheads are based on those outlined in an annual compendium of Health and Social Care unit costs (Curtis, 2013).

The methodology facilitates the development of a detailed and transparent picture of the costs of providing a service, and of the elements that are necessary to support service delivery. One of the key outputs from this work has been the development of a software tool: the Cost Calculator for Children’s Services (CCfCS). The tool provides analyses to compare the costs of different care journeys and placement types, it also accounts for variations in costs according to the needs of children, placement type, decision-making processes and approaches to service delivery.

Emerging evidence

At this stage in the Head, Heart, Hands programme the associated evaluation evidence is not yet comprehensively available to explore any potential or actual costs avoided that result from Head, Heart, Hands placements. However, anecdotal evidence from and preliminary analysis carried out by the Head, Heart, Hands demonstration sites has identified the following early indicators of impact:

- Improved relationships between foster carers who have attended the Head, Heart, Hands Learning and Development courses and their supervising social worker;
Research evidence (Ward, Holmes and Soper, 2008) has indicated that the unit cost of the interaction between foster carers and their supervising social workers is estimated to be £200 per month (£2,400 per year). An improved relation between foster carers and their supervising social worker are likely to result in a reduction in time and therefore costs.
- Improvements to the recruitment and retention of foster carers;
There are currently several differing estimates of the unit cost of foster carer recruitment that range from around £2,000 up to in excess of £10,000, research funded by the Department for Education is currently being carried out to refine these costs.
- Improvements to school attendance and academic attainment;
Costs published as part of the Family Savings Calculator (<http://archive.c4eo.org.uk/costeffectiveness/edgeofcare/costcalculator.aspx>) suggest that regular non-attendance at school costs approximately £3,700 per year and school exclusions cost in excess of £12,000 per year.
- Better placement stability, including an increase in managed and planned moves and a reduction in unplanned placement disruptions;

The costs associated with placement change have been estimated to range from £250 to £1,500 per placement change (Ward, Holmes and Soper, 2008). For an individual child that has experienced previous placement instability and then goes on to experience three further changes in placement over a twelve month time period the costs associated with this activity will be in the region of £4,500. If placement stability is achieved across a cohort of children placed with Head, Heart, Hands foster carers, this is likely to lead to substantial costs avoided.

- Reduced need for specialist interventions and placements.

Existing research evidence has indicated that the costs associated with providing specialist interventions and placements can skew a local authority budget. The cost per child of providing specialist interventions and placements are substantially higher and can often be in the region of around £425,000 per year (Curtis, 2013). If the use of these placements is being reduced this will result in substantial future costs being avoided, especially if these placements were previously being used as a long term provision.

Use can be made of existing research evidence and unit costs, along with the preliminary analysis carried out by the Head, Heart, Hands demonstration sites to consider the potential messages for the sustainability and roll out of the programme in the future. The evaluation team have previously made use of actual and hypothetical illustrative case studies to examine the drivers associated with costs and changes in costs over time and link these with the needs of children and the outcomes achieved (for example, Holmes and McDermid, 2012; Department for Education, 2013). Scenarios based on research evidence are developed to show the key events, or 'processes' and services which children and young people in care experience. The costs of these processes and services are applied to build up a cost over time and to develop hypothetical cost trajectories.

For this paper, three of the Head, Heart, Hands sites provided detailed information about a Head, Heart, Hands case. This information has been used to develop the following illustrative cost case studies to demonstrate how the impact of Heart, Heart, Hands may be translated into costs avoided in the longer term and illustrate one of the ways that the evaluation team propose to use the findings from the evaluation in the final project report. For each of the three cases a brief outline is provided, along with a timeline to show the child's care journey and a table of estimated costs. All the social care costs are based on those published in Ward, Holmes and Soper (2008), inflated for financial year 2013-14, unless otherwise stated in the table footnotes. Some case details (such as names) have been changed to preserve the anonymity of the children.

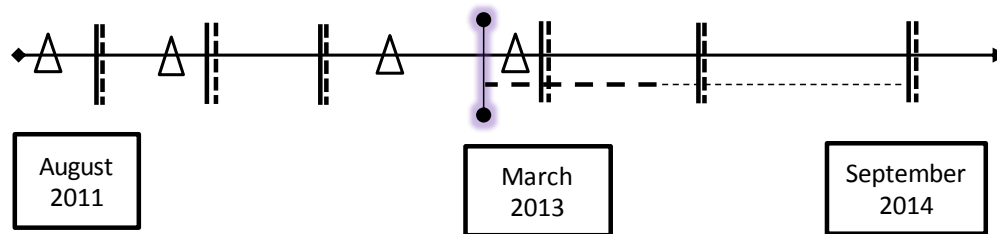
Case study 1: Carla’s story

During the timeframe shown below (August 2011 and September 2014), Carla was placed with local authority foster carers. Between August 2011 and February 2013, three complaints were made to Children’s Social Care about decisions relating to Carla’s case. During this time Carla’s birth mother was not present or able to participate in Carla’s Looked after Child (LAC) reviews. Concerns had also been raised about the impact that contact arrangements were having on Carla and as a result, Carla’s social worker was considering reducing the level of contact.

In March 2013 Carla’s foster carers participated in the Head, Heart, Hands Core Learning and Development Courses. In addition, one of the Head, Heart, Hands’ Social Pedagogues provided some additional support, working with Carla, her foster carer and her birth mother. After 12 months the intensity of that support was reduced. Since this work has been provided Carla’s birth mother has attended and contributed to one LAC review. Both Carla and her mother have reported that they had enjoyed contact.

As the cost table overleaf shows, the total social care costs incurred to support Carla in the 19 months prior to Head, Heart, Hands are estimated to be £100,482. In the 19 months following the introduction of Head, Heart, Hands, the estimated costs have reduced to £86,558.

Carla’s timeline



Key

- Process 2: Care Planning
- ◀→ Process 3: Maintaining the Placement
- | Process 6: Review
- △ Complaint
- Head, Heart, Hands starts
- - - Social Pedagogue intervention (higher level)
- Social Pedagogue intervention (lower level)

Estimated costs for Carla's timeline

	Estimated social care costs for the 19 months prior to the introduction of Head, Heart, Hands	Estimated social care costs for the 19 months following the introduction of Head, Heart, Hands
Social care processes	Cost (£)	Cost (£)
Process 3: Maintaining the Placement	72,357	72,357
Process 2: Care Planning	749	749
Process 6: Review	2,476	2,476
Complaints ¹	24,900 ²	1,700 ³
SP intervention (higher intensity) per month ¹	-	7,209
SP intervention (lower intensity) per month ¹	-	2,067
Total cost for the period	100,482	86,558

¹ Based on estimations provided by the site of the length of time each worker spent on the complaint in the period, and standardised hourly rates for each worker

² Three complaints were made in the 19 months prior to the introduction of Head, Heart, Hands. These were estimated to cost in the region of £8,300 per complaint

³ One complaint was made in the 19 months following the introduction of Head, Heart, Hands. This complaint was resolved quicker than those prior to the introduction of Head, Heart, Hands, and is estimated to have costs in the region of £1,700

Case study 2: Patrick's story

The timeline below shows Patrick's care experience for two years, between September 2012 and September 2014. During this time Patrick was fostered with his sister and had been placed with the same carers for at least two years. His Looked after Child reviews occurred according to the six monthly statutory timeframe. In February 2013 an Occupational Therapist visited Patrick at school to observe and assess any requirements he might have. He was offered extra support with his hand writing and in June Patrick worked with a speech and language therapist.

Also in February 2013 a clinician facilitated a family therapy session with foster carers and sibling. These occurred five more times over the next four months, until May 2013. In September 2013 his foster carers participated in the Head, Heart, Hands Core Learning and Development Course. In February 2014 Patrick had a routine health assessment and during the summer of 2014 he attended a one-to-one clinical session. In autumn 2013 he was granted British Citizenship.

Estimated costs for Patrick's timeline

	Estimated social care costs for 12 months prior to the introduction of Head, Heart, Hands	Estimated social care costs for 12 months following the introduction of Head, Heart, Hands	Additional services	
Social care processes	Cost (£)	Cost (£)	Service	Cost (£)
Process 2: Care planning	499	499	Occupational therapist ¹	118
Process 3: Maintaining the placement	45,699	45,699	Family therapy ²	384
Process 6: Looked after children Review	1,650	1,650	Health check ³	96
			Speech and language therapy ⁴	369
			Clinical 1:1 session ⁵	117
Total social care process costs	47,848	47,848	Total costs for additional services	1,084

¹ Curtis (2013) schema 6.1 (occupational therapist time)

² Curtis (2013) schema 2.8 (contact time of a counsellor)

³ Curtis (2013) schema 6.1 (nursing services for children)

⁴ Curtis (2013) schema 6.1 (1:1 Speech and Language therapy)

⁵ Curtis (2013) Schema 12.7 (client face-to-face contact)

As the table of costs for Patrick shows, there was no difference in the estimated social care costs before and during his continuing placement with foster carers that attended the Head, Heart, Hands Learning and Development Courses. However, Patrick's case has been included here to illustrate the importance of relating costs with outcomes. In the twelve months prior to his foster carers attending the Head, Heart, Hands course Patrick made a three point improvement in his academic levels across reading, writing and maths. In the following twelve months this improvement increased to six points, again across reading, writing and maths. It is likely that as Patrick's educational attainment improves the need for additional services is likely to reduce. Exploration of the longer term outcomes and the impact on costs will be explored fully in the latter stages of the Head, Heart, Hands evaluation.

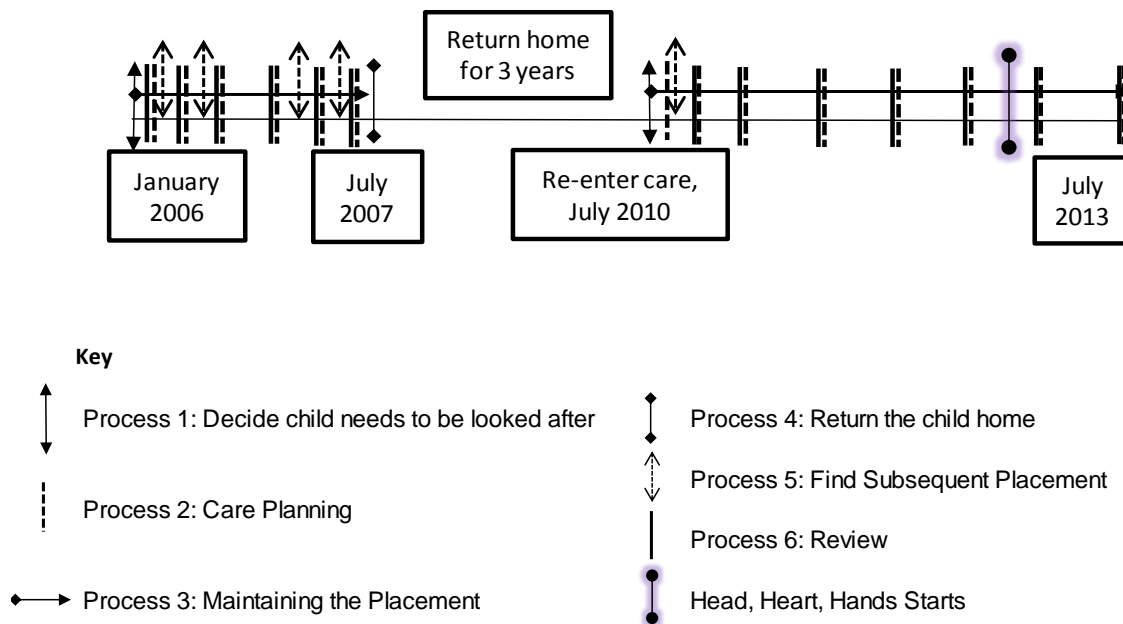
Case study 3: John's story

Note: John's story covers seven years in total. For the purposes of this paper, costs have been estimated for his first care episode, the 12 months prior to Head, Heart, Hands and the 12 months following the introduction of the programme.

John is 10 years old and came into care for the first time at the age of three. John was first placed with family members and he stayed there for two weeks before a foster placement was found. John then experienced three further placement changes before returning home to live with his father, his father's partner and their children, when John was four years old.

Approximately three years after returning home, John and his siblings were brought back into care. John was now seven years old and his emotional and behavioural needs had increased since his last care episode. As a result, John and his step-brother Joseph required specialist foster carers following an emergency placement that lasted four days. John and his brother have been in this placement for three and a half years and his care plan is for him to stay with these carers on a long term basis. Approximately 12 months ago John's foster carer's attended the Head, Heart, Hands, Learning and Development Courses.

John's timeline



Estimated costs for John's timeline

Social care processes	Estimated social care costs for the first care episode (approximately 17 ½ months) Cost (£)	Estimated social care costs for the second care episode	
		12 months prior to the introduction of Head, Heart, Hands Cost (£)	12 months following the introduction of Head, Heart, Hands Cost (£)
Process 1: Decide child becomes looked after	1,013	-	-
Process 2: Care planning	1,498	499	499
Process 3: Maintaining the placement (per month)	69,032	80,080	80,080
Process 5: Find subsequent placement	2,111 ¹	-	-
Process 6: Looked after children Review	4,951	1,650	1,650
Process 4: Exit care (returned home)	447	-	-
Total costs	79,052	82,229	82,229

¹ John experienced four placement changes during his first care episode

The table above shows that the overall costs estimated for John are higher for the second episode, compared to those estimated for the first. These additional costs are primarily associated with the higher cost of the specialist placement required during the second episode resulting from John's higher level of needs. However, based on John's current care plan, his case study indicates that despite these higher overall costs, the stability achieved in this second episode, may result in future costs avoided. For instance, the costs of placement changes in the first episode are estimated to be in the region of £2,600². These additional costs have been avoided through the provision of a stable placement.

² These costs include activities associated with finding subsequent placements, and the additional activity carried out by the allocated social worker in the first three months of a new placement.

Moreover, given John's high levels of need on re-entry to care, it is possible to hypothesise that if John had continued to experience placement instability as demonstrated in his first care episode, this may be linked to school non-attendance and multiple school moves, an escalation of needs and the need for increasingly costly specialist placements, including, for example, residential care. Thus, through achieving placement stability, John's costs over time have also remained stable, rather than a possible cost trajectory that may increase year on year.

The three case study examples above indicate how the early indicators of Head, Heart, Hands may translate into costs avoided in the longer term for one child. However, to fully understand the economic implications of Head, Heart, Hands, an aggregated analysis using the approach demonstrated above will need to be undertaken across all children placed with foster carers who have attended the Head, Heart, Hands Learning and Development Courses.

Evaluation plans to inform cost and sustainability debates

To explore the economic impact of Head, Heart, Hands the evaluation team will utilise the CCfCS tool during the third data collection period. The CCfCS facilitates the costs and outcomes for groups of children with different needs and characteristics, in different types of placements, to be compared over different time periods. All local authorities are required to submit data on an annual basis for national government returns: The SSDA 903 return in England and the Children Looked After Return in Scotland. These data will be collected for *all children looked after in the sites* for the two years prior to the introduction of Head, Heart, Hands, and during the life time of the programme. Data gathered from (electronic) case files of all children placed with foster carers who have attended the Head, Heart, Hands Learning and Development Courses will be used to supplement the management information system data utilised by the Cost Calculator. This data collection will allow the evaluation team to gather more detailed and nuanced outcomes data that is not routinely captured as part of the national statistical returns³. The CCfCS will use these data to calculate the costs associated with the care pathways and experiences of all children looked after in each of the demonstration sites, including those placed for any length of time with foster carers who have attended the Head, Heart, Hand Learning and Development Courses.

The costs incurred for the period of the children placed with foster carers who attended the Head, Heart, Hands Learning and Development Courses will be compared to the whole looked after population, or where appropriate with children with similar needs. The management information system data will enable children with similar needs placed in different types of care to be examined. This approach has previously been used by CCFR to compare the costs incurred of placing children and young people in Multidimensional Treatment Foster Care, with children with similar needs, placed in alternative provisions (Holmes, Westlake and Ward, 2008). Using the CCfCS will enable the evaluation team to explore the economic impact of a range of scenarios and circumstances within which the children placed with Head, Heart, Hands foster carers are placed. The evaluation team will make use of the existing costs to other agencies to explore the comprehensive costs incurred through the support provided to, and outcomes achieved by, the children in the sample.

³The approach to collecting these data will vary across the sites. For instance, management information data will be collected from the most frequently placing authorities to Capstone and Aberlour.

Analysis of the two years of historical national return data will facilitate comparisons over time comparing children's pathways and progress before and after the introduction of Head, Heart, Hands. The longitudinal analysis facilitated by the CCfCS will enable changes over time to be explored and to be compared to the costs and outcomes achieved within the demonstration site areas prior to the introduction of social pedagogic principles. It will, therefore, be possible to comprehensively analyse the economic impact of any changes incurred since the introduction of Head, Heart, Hands (such as fewer placement moves). Furthermore, the analysis provided by the CCfCS will facilitate national cost estimations to inform debates about future sustainability and roll out of the programme. Building up the costs to a level to inform national policy and practice debates has been carried out by the evaluation team for other key policy areas, for example initial referrals (Holmes, Munro and Soper, 2010), the introduction and sustainability of Multidimensional Treatment Foster Care (Holmes, Westlake and Ward, 2008) and reunification (Holmes, 2014).

As outlined in the introductory section of this paper the initial financial outlay or investment associated with early stages of introducing any programme or innovation needs to be included in any cost estimations or conclusions about any potential or actual longer term 'costs savings' and/or 'costs avoided' associated with the Head, Heart, Hands programme. The evaluation team fully acknowledge that Head, Heart, Hands is not an evidence based intervention or manualised programme, however the key elements of the programme will be analysed and incorporated into cost estimations. The analysis will also be informed by the existing evidence base and learning from the introduction and implementation of programmes and innovations in children's social care.

A logic model is being developed as part of the Head, Heart, Hands evaluation. This model links the resources associated with the programme (inputs) and programme activities (outputs) with the outcomes achieved. This will enable the evaluation team to explore how the Head, Heart, Hands programme has led to cost savings and costs avoided. A distinction is being made in the logic model between short, medium and longer term outcomes with the acknowledgement that some changes in outcomes as a result of the Head, Heart, Hands demonstration programme might not be apparent until beyond the programme end in 2016. As such the evaluation team will draw on existing research about the longer term outcomes into adulthood associated with placement stability and the cost estimations associated with different outcomes and as such differing adulthood trajectories. For example, case study trajectories through to age 30 (Hannon, Wood and Bazalgette, 2010) and the lifetime costs associated with being identified as NEET (Not in Education, Employment or Training) at age 16-18 (Coles *et al.*, 2010).

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